

perform the provisions and obligations contained in this Agreement and the other Transaction Agreements, and to ensure that the Charter Documents and any constitutive documents of any other members of the Newco Group do not conflict in any respect with any provisions of this Agreement or the other Transaction Agreements. The parties and Thistle BV undertake, to the fullest extent permitted by Applicable Law, to make, or cause to be made, such changes to the Charter Documents and any such constitutive documents as may be appropriate to bring them into compliance with the provisions of this Agreement and the other Transaction Agreements. In the event of any conflict between the provisions of the Transaction Agreements and the provisions of any of the Charter Documents or the constitutive documents of other Newco Subsidiaries, the provisions of the Transaction Agreements shall, to the fullest extent permitted by Applicable Law, prevail. Schedule 3.1 sets forth the principles upon which any conflict between the express provisions of this Agreement, on the one hand, and any of the other Transaction Agreements that deal with the same subject matter, on the other hand, will be resolved.

3.2 Thistle BV Shareholders' Meetings. Following the Closing Date, the quorum necessary to constitute a meeting of the shareholders of Thistle BV shall be the shareholders holding a majority of the outstanding voting securities of Thistle BV or their proxies. Notwithstanding the foregoing, if such quorum is not present within two hours from the time appointed for the meeting in respect of which due notice has been given, the meeting shall adjourn to such place and time (which is at least seven days later but no later than 14 days later) as the shareholder that did attend shall decide. If at such adjourned meeting, such quorum is not present within two hours

from the time appointed for the meeting, the meeting shall be further adjourned to such place and time (which is at least seven days later but no later than 14 days later) as the shareholder that did attend the adjourned meeting shall decide, at which time any shareholder present at such second adjourned meeting shall constitute a quorum, but in no event will the shareholder be allowed to decide on the U.K. as a location for the meeting.

3.3 Matters Requiring Unanimous Shareholder Approval. Following the Closing Date, the following matters and decisions, and the implementation of any thereof, shall require the unanimous vote of VLT and BT Holdings, acting as the shareholders of Thistle BV:

(a) a decision to modify, amend or terminate any Transaction Agreement or any constitutive or equivalent documents of any material Newco Subsidiary (which documents are not included in the definition of “Transaction Agreements”);

(b) other than a Distribution of Netco pursuant to Section 12.3(c), 13.2(a), 14.3(c), 16.4(c), 23.2(d), 23.6(b) or 27.1(c), a decision to change the fundamental corporate, legal, regulatory, tax or other structure of the Newco Group, including a decision to restructure any member of the Newco Group or the Business Units or a decision to modify any arrangements with respect to the conduct of the business of the Newco Group contemplated by Schedule 2.2, that is reasonably likely to have a non *de minimis* adverse regulatory or Tax effect (including an adverse Tax effect that is caused by reason of an indemnification obligation hereunder), or material adverse economic effect, on either parent;

(c) a decision to modify, change or alter in any material respect the nature or scope of the Venture Business as it may be conducted from time to time;

(d) except as set forth in Schedule 6.9, a decision for Thistle BV to pay or make any dividends or distributions; provided, that, in connection with a Distribution of Netco pursuant to Section 12.3(c), 13.2(a), 14.3(c), 16.4(c), 23.2(d), 23.6(b) or 27.1(c), VLT and BT Holdings shall vote their shares in Thistle BV in favor thereof;

(e) a decision to cause any member of the Newco Group to incur or guarantee any Indebtedness that involves recourse to either an AT&T Party or a BT Party or is to be guaranteed by either of the parents or its Group Companies;

(f) a decision to admit, directly or indirectly, additional shareholders to Thistle BV, additional members of Newco Services Company or DirectorCo or additional shareholders or members of any of the Newco Subsidiaries;

(g) the dissolution or liquidation of, or the filing of a petition under any Bankruptcy Law by Thistle BV or any other material member of the Newco Group; provided, that, in the case of a dissolution of the Newco Group pursuant to Section 11.2(d), 11.5(c)(iii), 13.4, 13.5, 14.3, 23.2, 23.4, 23.5 or 23.7, following the delivery of a notice to elect to cause the dissolution of the Newco Group by a parent which is entitled to do so thereunder, VLT and BT Holdings shall, subject to any cure periods provided herein, vote their shares of Thistle BV, and the parents shall cause their Subsidiaries or Affiliates that own shares or other equity interests in such material members of the Newco Group to vote, in favor of such dissolution;

(h) other than a Distribution of Netco pursuant to Section 12.3(c), 13.2(a), 14.3(c), 16.4(c), 23.2(d), 23.6(b) or 27.1(c), any sale, lease, transfer or other disposition of all or substantially all of the assets of the Newco Group or the merger, demerger, consolidation or sale of Thistle BV or any material member of the Newco Group, other than pursuant to Section 11.2(d), 11.5(c)(iii), 13.4, 13.5, 14.3, 23.2, 23.4, 23.5 or 23.7;

(i) other than a Distribution of Netco pursuant to Section 12.3(c), 13.2(a), 14.3(c), 16.4(c), 23.2(d), 23.6(b) or 27.1(c), any transfer of assets, transfer of equity or other interests in any member of the Newco Group, or similar transaction involving any member of the Newco Group that is reasonably likely to have an adverse Tax (including an adverse Tax effect that is caused by reason of an indemnification obligation hereunder) or other effect on either parent involving aggregate costs or potential costs to such parent in excess of \$10 million; and

(j) a decision to change the Independent Auditor.

3.4 Management Board.

(a) From and after the Closing, the Management Board will at all times have DirectorCo as its sole director. The chairman of DirectorCo will rotate every 18 months from a Representative of one Class to a Representative of the other Class (in each case excluding the Class C Representative).

(b) Each of VLT and BT Holdings, as a shareholder of Thistle BV, shall vote its shares of Thistle BV to ensure the election of DirectorCo as the sole director of the Management Board. Each of VLT and BT Holdings, as a shareholder

of Thistle BV, shall vote its shares of Thistle BV against any resolution to remove or suspend DirectorCo from its position as the sole director of Thistle BV.

(c) The Management Board shall oversee the day-to-day management of Thistle BV and, to the fullest extent permitted by Netherlands law, delegate to the CEO full authority and power to manage and operate the business and affairs of the Newco Group in accordance with and subject to Section 5.4.

3.5 Special Decisions of the Management Board. The following matters and decisions, and the implementation of any thereof, shall require the approval of the Management Board, with DirectorCo, as the sole director of the Management Board, acting pursuant to a majority vote of each of the Class A Representatives and the Class B Representatives:

(a) approval of the AOPB and Five Year Business Plan; provided, that if the requisite vote of the Representatives of DirectorCo, acting as the sole director of the Management Board, is not obtained for any AOPB or Five Year Business Plan, the CEO shall implement a Provisional AOPB to the extent permitted by Section 6.3;

(b) a decision to select, hire, appoint and dismiss the Agreement Officers and the CTO;

(c) any modification of the schedule of authorizations or powers or equivalent instrument of Thistle BV or any of the Newco Subsidiaries;

(d) a decision to make or to cause any member of the Newco Group to make any acquisitions, divestitures, licenses, investments and joint ventures, in a transaction or series of related transactions, involving property or assets valued at

\$25 million or more or any such acquisitions, divestitures, licenses, investments and joint ventures of major strategic significance to the Newco Group as a whole, as determined by the Management Board, regardless of the value thereof;

(e) a decision to purchase, or cause any member of the Newco Group to purchase, in a transaction or series of related transactions, New Assets with an Acquisition Cost in excess of \$25 million;

(f) except as contemplated by any approved AOPB or amendment thereof and except as reserved to the shareholders of Thistle BV pursuant to Section 3.3(e), any material changes in the capitalization of any member of the Newco Group, including the making of any Capital Calls;

(g) a decision to adopt or modify (i) any accounting rules and policies of the Newco Group or (ii) Tax elections of the Newco Group, which in the case of clause (ii) may adversely affect either parent;

(h) any change in the branding policy of the Newco Group;

(i) instituting, compromising, terminating or settling litigation with third parties involving claims or related claims of \$10 million or more;

(j) other than with respect to the Transaction Agreements that constitute Affiliate Transactions, a decision to enter into any Affiliate Transaction by any member of the Newco Group with a value of \$20 million or more, including entering into any amendment, modification or termination thereof;

(k) subject to Section 5.3, the conduct and evaluation of performance reviews of the CEO, CFO and CTO;

(l) the entering into, amendment, modification or termination of, or the calling of a default under, or the grant by Thistle BV or any Newco Subsidiary of any waivers or consents under, any third party contracts or agreements for the purchase or sale of goods or services, license agreements or other agreements or arrangements, involving annual payments in excess of \$20 million or aggregate payments in excess of \$40 million;

(m) a decision required to be made under Section 8.3 or 8.5;

(n) a decision required to be made under Section 9.1(c)(i);

(o) a decision by any member of the Newco Group to incur any Indebtedness that would cause the Leverage Ratio to be exceeded; and

(p) any action or decision that would have a Material Adverse Effect on the Venture Business or on the Newco Group's relationship with AT&T or BT or both. For the purposes of this Section 3.5(p), any action or decision that is reasonably likely to (i) result in any member of the Newco Group incurring liabilities or contingent liabilities in excess of \$10 million, (ii) cause any Business Unit to be unable to operate, (iii) result in a material breach by Thistle BV or any of the Newco Subsidiaries of a material contract, agreement or other arrangement with either parent or any of its Affiliates, or (iv) have a material adverse regulatory or Tax impact on either parent, shall, in each case, be deemed to be an action or decision that requires the approval of the Management Board as set forth in this Section 3.5(p).

3.6 Other Decisions of the Management Board.

(a) Except as set forth in Sections 3.5, 8.1, 8.2 and 8.4 and Article 4 or as otherwise specified herein, all matters coming before the Management

Board shall require a vote by DirectorCo, as the sole director of the Management Board, acting pursuant to a simple majority vote of the Class A Representatives and Class B Representatives without any required vote of the Class C Representative; provided, that, if an even number of votes is cast by the Class A Representatives and the Class B Representatives for and against any particular matter that is to be decided by a simple majority of the DirectorCo Board, the Class C Representative may cast a vote on the matter to break a tie. Notwithstanding the foregoing, if pursuant to this Agreement, the Affiliate of AT&T or BT that is a member of DirectorCo shall have the right to appoint an eighth Representative to the DirectorCo Board, the Class C Representative shall not have the right to cast any vote on any matter to be decided by the DirectorCo Board unless and until the number of Representatives on the DirectorCo Board (assuming no vacancies) is reduced to seven, comprised of three Class A Representatives, three Class B Representatives and the Class C Representative.

(b) Decisions regarding the calling of a default under, or the granting by Thistle BV or any Newco Subsidiary of any waivers or consents under, any Transaction Agreement or with respect to any Affiliate Transaction, or any decision by Thistle BV to bring any claim for indemnification under Section 25.4(c), (d) or (e) or Section 25.5 against a parent may be made by DirectorCo on behalf of Thistle BV or such Newco Subsidiary, as the case may be, but shall not require the consent of the Class C Representative or the Class of Representatives appointed by the Person that is the Affiliate of AT&T or BT, as the case may be, who is or is affiliated with the Person in default, or seeking the waiver or consent under, the

applicable Transaction Agreement or with respect to an Affiliate Transaction or against whom the claim for indemnification is made. Any such decision may be made and effected by the vote of a majority of the Class of Representatives appointed by the Person that is the Affiliate of the other parent.

3.7 Newco Subsidiary Boards. The management and constitution of the board of directors or other similar governing body of the Newco Subsidiaries will be appropriate to reflect the decisions of the DirectorCo Board as contemplated by the DirectorCo Charter Documents. The Newco Subsidiary Charter Documents and the constitution of the boards of directors or other similar governing bodies of all material Newco Subsidiaries shall, on or prior to the Closing, be in form and substance reasonably satisfactory to the parents and shall reflect the provisions of Schedule 2.2 and Annex 3 and comply with the provisions of this Agreement.

3.8 Implementation of Management Board Decisions.

(a) To the fullest extent permitted by Applicable Law, AT&T and BT shall and shall cause their Subsidiaries and Affiliates that are direct or indirect shareholders or members of certain of the Newco Subsidiaries, and Thistle BV, in its capacity as a direct or indirect shareholder or member of the Newco Subsidiaries shall and shall cause, the persons nominated by them to the board of directors or other similar governing body of the Newco Subsidiaries to conduct and have conducted the management and affairs of each of the members of the Newco Group in accordance with the decisions of the Management Board.

(b) The parties acknowledge and confirm that the Management Board and the Representatives on the DirectorCo Board will exercise business

judgment taking into account the interests of the Newco Group as a whole and that, in furtherance of such objective, DirectorCo, as the sole director of the Management Board, and the Representatives on the DirectorCo Board shall be protected in making and shall be entitled, to the fullest extent permitted by Applicable Law, to indemnification by Thistle BV, the Newco Group and DirectorCo for any act or omission if it or they acted in good faith and in a manner it or they reasonably believed was in, or not opposed to, the best interests of the Newco Group as a whole. Prior to the Closing, DirectorCo, or the parents on behalf of DirectorCo, shall arrange for an appropriate directors' and officers' insurance policy to be in place and effective as of the Closing for the managers and officers of DirectorCo.

3.9 Regulatory Affairs.

(a) If, after the Closing, Thistle BV or any of the Newco Subsidiaries proposes to take any proposed position or action on a regulatory, public policy or public affairs matter in a parent's Home Territory, Thistle BV shall give the responsible officer or officers of such parent reasonable prior notice thereof, which notice need not be in writing. If the parent determines that Thistle BV's or the Newco Subsidiary's proposed position or action would conflict with the position of such parent, it will give the responsible officer or officers of Thistle BV reasonable notice, which notice need not be in writing, before the date the proposed position or action is to be taken, specifying the steps which such parent wishes Thistle BV or the Newco Subsidiary to take. Thistle BV shall, or shall cause the Newco Subsidiary to, comply with the instructions of such parent.

(b) On or prior to the Closing Date, Thistle BV shall establish a regulatory clearance group mutually agreeable to the parents that will be responsible for dealing with day-to-day issues relating to regulatory, public policy and public affairs matters of the Newco Group.

ARTICLE 4

TECHNOLOGY UNIT GOVERNANCE

4.1 CTO. The Technology Unit will be led by the CTO, who will report directly to the Management Board.

4.2 Annual Business Plan. No later than 90 days prior to the beginning of each Fiscal Year, the CTO will submit to the Management Board for approval, an annual business plan of the Technology Unit, which will be separate from the AOPB and will include a program description, associated milestones, staffing and budget requirements. The approval of the annual business plan of the Technology Unit shall not be subject to the tie-break vote of the Class C Representative set forth in Section 3.6.

4.3 Governance. The Technology Unit shall be operated in accordance with the governance principles set forth in Schedule 4.3.

4.4 CTO. The first CTO shall be appointed in accordance with the principles set forth in Schedule 4.4.

ARTICLE 5

MANAGEMENT

5.1 Senior Executives. On or prior to the Closing Date, the first CEO, the other Agreement Officers and the CTO will be selected and appointed upon a decision of the Management Board in accordance with Section 3.5(b) on the basis of the “best available candidate.” The re-appointment of the Agreement Officers and the CTO and any subsequent appointment to such positions shall be subject also to the decision of the Management Board in accordance with Section 3.5(b).

5.2 CEO. The CEO will not be a member of the Management Board, but will be the sole Class C Representative of the DirectorCo Board. The CEO, in his or her capacity as the Class C Representative, shall be entitled to attend all meetings of the Management Board and the DirectorCo Board, other than (a) those meetings or portions thereof involving discussion of his or her own performance or compensation or (b) other meetings or portions thereof which do not involve matters on which the Class C Representative is entitled to vote under Section 3.6(a) and for which a majority of either of the Class A Representatives or the Class B Representatives determines that the CEO, in his or her capacity as the Class C Representative, should be absent.

5.3 Performance Reviews. Each of the CEO, CFO and CTO will be subject to a mandatory annual performance review in the fourth quarter of each Fiscal Year. If all of either the Class A Representatives or Class B Representatives is dissatisfied with the performance of any or all of the CEO, CFO or CTO, such Class of Representatives may require the Management Board to institute a new search for a

replacement or replacements and the Management Board shall consider in good faith the best alternative candidates presented as a result of such search.

5.4 Responsibilities of the CEO. Subject to the rights and duties of the Management Board and the shareholders of Thistle BV as provided in this Agreement, and except as otherwise provided in this Agreement or in any other Transaction Agreement, to the fullest extent permitted by Applicable Law, the CEO shall be responsible for the day-to-day management of the Newco Group, including the following matters:

- (a) subject to Schedule 2.2, allocating resources between the Business Units or Newco Subsidiaries within the AOPB and Five Year Business Plan approved by the Management Board or within any Provisional AOPB;
- (b) monitoring the performance of the Newco Group as a whole and reporting to the Management Board or the shareholders of Thistle BV, as required;
- (c) overseeing the regulatory, public policy and public affairs of the Newco Group as a whole, including obtaining a parent's approval on matters arising in such parent's Home Territory consistent with the provisions of Section 3.9(a);
- (d) making decisions on acquisitions, divestitures, licenses, investments and joint ventures, in a transaction or series of related transactions, involving property or assets valued at less than \$25 million, excluding any such transactions (i) involving a third party acquiring an interest in Thistle BV or any Newco Subsidiary or (ii) which are of major strategic significance to the Newco Group as a whole as determined by the Management Board, regardless of the value thereof;

(e) preparing and submitting to the Management Board the AOPB and an annually updated Five Year Business Plan and implementing the AOPB approved by the Management Board or a Provisional AOPB;

(f) implementing the policies and direction of the Management Board in matters such as employee policies, security, media relations and compliance;

(g) except as otherwise reserved to the Management Board, selecting and appointing staff;

(h) instituting, compromising, terminating or settling litigation with third parties involving claims or related claims of less than \$10 million;

(i) other than with respect to the Transaction Agreements that constitute Affiliate Transactions, entering into an Affiliate Transaction with a value, in a transaction or series of related transactions, of less than \$20 million, including entering any amendment, modification or termination thereof or calling a default thereunder or granting any waiver or consent thereunder, in all cases on an arm's length basis;

(j) restructuring the Business Units, so long as such action has no adverse regulatory or Tax effect, including any adverse Tax effect arising as a result of an indemnification obligation hereunder, or material adverse economic effect, on either parent; provided, however, that the CEO shall have no power to modify any of the arrangements with respect to the conduct of the business of the Newco Group contemplated by Schedule 2.2 or to restructure the Technology Unit or conduct any other restructuring that constitutes a matter reserved to the shareholders of Thistle BV under Section 3.3 or to the Management Board under Section 3.5;

(k) ensuring compliance by the Newco Group with all legal and regulatory requirements; and

(l) the entering into, amendment, modification or termination of, or the calling of a default under, or the grant by Thistle BV or any Newco Subsidiary of any waivers or consents under, any third party contracts or agreements for the purchase or sale of goods or services, license agreements or other agreements or arrangements, involving annual payments of less than \$20 million or aggregate payments of less than \$40 million.

5.5 Restriction on the Activities of Thistle BV. Each of the parties shall

(a) at all times take all such action as may be required to ensure that Thistle BV is at all times after the Closing a “company whose activities are limited entirely or almost entirely to management and financing of affiliated entities” (*“een vennootschap wiens werkzaamheid zich uitsluitend of nagenoeg uitsluitend beperkt tot het beheer en de financiering van groepsmaatschappijen”*) within the meaning of Book 2, article 263, paragraph 3(b), of the Dutch Civil Code (a “Qualified Holding Company”) and

(b) refrain from taking any action that would cause Thistle BV at any time to cease to be a Qualified Holding Company. Without limiting the generality of the foregoing,

(i) Thistle BV shall not engage in any business or activity other than the management and financing of the Newco Subsidiaries, (ii) all day-to-day business operations of the Newco Group shall be conducted by the Newco Subsidiaries and not by Thistle BV, and (iii) Thistle BV shall not have any employees other than the Agreement Officers and the CTO.

ARTICLE 6

FINANCE AND OTHER OPERATIONAL MATTERS

6.1 AOPB and Five Year Business Plan. The first Five Year Business Plan of the Newco Group has been agreed to concurrently with the execution of this Agreement. The first AOPB shall be agreed by the parents prior to the Closing. Thereafter, the CEO and CFO shall be responsible for the preparation of the AOPB and an annually updated Five Year Business Plan for the Newco Group, each of which shall be submitted to the Management Board for its approval in accordance with Section 3.5(a) no later than 90 days prior to the beginning of each Fiscal Year. The AOPB and Five Year Business Plan shall have the same form and shall address the same matters, including the aggregate requirements for equity or debt funding, or both, from each of VLT and BT Holdings as the first AOPB and Five Year Business Plan, subject to any changes approved by the Management Board pursuant to Section 3.5(a).

6.2 Implementation of AOPB and Business Plan. With respect to the first AOPB and Five Year Business Plan and, following approval by the Management Board, any subsequent AOPB and Five Year Business Plan, and with respect to a Provisional AOPB, Thistle BV will cause its officers and employees and those of the Newco Subsidiaries to conduct the operations of such Newco Subsidiaries in accordance therewith.

6.3 Deadlock on AOPB.

(a) If the requisite vote of the Management Board for an AOPB for any Fiscal Year is not obtained (a "deadlock") by December 1 of the Fiscal Year

prior to the Fiscal Year to which the AOPB pertains, an expense budget shall be deemed to have been approved by the Management Board that (i) continues ordinary operating expenses at the same level as the prior Fiscal Year's AOPB, (ii) continues any capital expenditures provided for such Fiscal Year in the then current Five Year Business Plan or that have otherwise been previously committed to with the requisite approval of the Management Board, (iii) makes any additional provision necessary for the satisfaction of all obligations or liabilities of the Newco Group that will become due in accordance with their terms during such Fiscal Year in order to prevent any member of the Newco Group from defaulting thereunder, but in any event excluding any obligations or liabilities of the Newco Group that require a decision of the Management Board under Section 3.5(i), and (iv) permits the incurrence of additional Indebtedness by Newco Group without recourse to or guarantees by the parents; provided, that, such additional Indebtedness shall not cause the Leverage Ratio to be exceeded (such AOPB, a "Provisional AOPB").

(b) If no funding commitment has been made with respect to the Fiscal Year as to which a proposed AOPB has not been approved and the deadlock arises because the Management Board did not approve a proposed funding commitment, then Thistle BV shall fund the operations of the Newco Group to the extent required under the Provisional AOPB with funds derived in the following order of priority: (x) first, with funds generated from operations of the Newco Group, subject to the provisions of Schedule 6.9, (y) second, with non-recourse Indebtedness of the type described in Section 6.3(a)(iv), and (z) third, with funds provided by the shareholders on a pro rata basis in the form of equity cash contributions or

shareholder loans, which shall, as to both shareholders, be equal in amount, form and terms.

(c) Notwithstanding the foregoing, the CEO may only implement a Provisional AOPB for a maximum period of three consecutive Fiscal Years.

6.4 Debt Financing.

(a) Subject to the approvals required under Sections 3.3(e) and 3.5(a) and except as permitted by Section 6.3(b), the Newco Group may incur Indebtedness to fund its operations taking into account such considerations as the Management Board deems relevant; provided, that, after taking into account the incurrence of such Indebtedness the ratio (the "Leverage Ratio") of (i) the consolidated total Indebtedness of the Newco Group to (ii) the consolidated EBITDA of the Newco Group, calculated on the basis of the most recent four fiscal quarters shall not exceed 1.5:1; provided, however, that such consolidated EBITDA of the Newco Group for any period prior to the conclusion of the first four fiscal quarters of the Newco Group shall be deemed to be \$1.6 billion.

(b) Any debt financing of the Newco Group shall be without recourse to either or both parents or their Group Companies, unless VLT and BT Holdings decide otherwise pursuant to Section 3.3(e).

6.5 Fiscal Year. The fiscal year of the Newco Group ("Fiscal Year") for financial accounting and United States Tax purposes shall begin on January 1 and end on December 31; provided, that, the first Fiscal Year shall begin on the Closing Date and end on the next following December 31.

6.6 Books and Records: Access and Information.

(a) Thistle BV shall keep, or cause the Newco Subsidiaries to keep, books and records of the type typically maintained by Persons engaged in similar businesses and which set forth a true, accurate and complete account of the business and affairs of the Newco Group, including a fair presentation of all income, expenditures, assets and liabilities thereof of each Business Unit. The books and records of the Newco Group shall be kept in Dollars. Such books and records shall include all information reasonably necessary to permit the preparation of consolidated financial statements and Tax Returns required by Applicable Law as provided in Annex 3 (including Tax Returns to be filed by members of the AT&T group of companies or BT group of companies on which information pertaining to the Newco Group must be reported) and, with respect to financial statements, in accordance with U.S. GAAP. Thistle BV shall bear the cost of providing financial and accounting information reasonably required by each parent in the preparation of such parent's own financial statements, including the cost of preparing any reconciliation statements to U.K. GAAP.

(b) Each of the AT&T Parties and the BT Parties and their auditors and other representatives shall be entitled to, and shall upon request by the relevant party be supplied with:

(i) full access (including copying facilities), at reasonable times and on reasonable notice, to the separate books, records, accounts, regulatory filings, documents, Tax Returns, premises, processes, systems, business activities, management and auditors of the Newco Group, whether in

connection with such party's own internal audit of the Newco Group or otherwise; and

(ii) all information, including monthly management accounts, operating statistics, details of tax payments and other trading and financial information (including the information described in Section 6.7), in such form and at such times as such party may reasonably require to keep it properly informed about the business and affairs of the Newco Group and to fulfill such party's own group reporting requirements.

6.7 Financial Statements.

(a) After the Closing, Thistle BV shall furnish to the AT&T Parties and the BT Parties:

(i) As soon as practicable and in any event within three Business Days following the end of each month, a consolidated balance sheet of the Newco Group as at the end of such month and the related statements of income and cash flows of the Newco Group for such month, together with such other information as the parties shall agree relating to the revenues, expenditures and operations of each Business Unit (the "Business Unit Information") for such month.

(ii) As soon as practicable and in any event within three Business Days following the end of each fiscal quarter of the Newco Group, (1) a consolidated balance sheet of the Newco Group as at the end of such fiscal quarter and the related statements of income and cash flows of the Newco Group for such quarter, prepared in accordance with U.S. GAAP, with

reconciliation statements to U.K. GAAP, which shall be furnished no later than 10 days after the delivery of the aforementioned quarterly financial statements, (2) the Business Unit Information for such quarter, and (3) financial statements reasonably requested by either parent for each legal entity within the Newco Group for such period.

(iii) As soon as practicable and in any event within 15 Business Days following the end of each Fiscal Year, (1) consolidated and consolidating balance sheets of the Newco Group, as of the end of such Fiscal Year, and the related consolidated and consolidating statements of income and cash flows of the Newco Group for such Fiscal Year, prepared in accordance with U.S. GAAP, with reconciliation statements to U.K. GAAP, together with a report thereon of the Independent Auditor, (2) the Business Unit Information for such Fiscal Year, and (3) financial statements reasonably requested by either parent for each legal entity within the Newco Group for such Fiscal Year.

(iv) As soon as practicable, such other financial information as either parent shall reasonably require to satisfy its financial reporting and other public, statutory and regulatory disclosure requirements or as either parent shall reasonably request.

(v) Such information as either parent shall reasonably require to satisfy its Tax reporting requirements.

(b) The AT&T Parties and the BT Parties shall cause Thistle BV and the other members of the Newco Group to, and Thistle BV shall, and shall cause

the other members of the Newco Group to, prepare all statutory accounts that are required under Applicable Law in accordance with the GAAP required under such Applicable Law, and to furnish copies of such statutory accounts to each of the AT&T Parties and the BT Parties promptly following their completion.

6.8 Auditors. Prior to the Closing Date, Thistle BV shall engage PricewaterhouseCoopers to be the initial independent auditor of the Newco Group, unless either of the parents objects, in which case another internationally recognized firm of independent certified public accountants of outstanding reputation that is mutually acceptable to the parents will be appointed to be Newco Group's initial independent auditor (the "Independent Auditor"). Thereafter, from time to time, the Independent Auditors may be replaced pursuant to a decision of the shareholders of Thistle BV in accordance with Section 3.3(j). The Independent Auditor shall in all cases be an internationally recognized firm of independent certified public accountants of outstanding reputation.

6.9 Dividend Policy. Unless the shareholders of Thistle BV by a unanimous vote determine otherwise, the shareholders shall declare the payment of dividends or other distributions of the Newco Group in accordance with the policy set forth in Schedule 6.9.

6.10 Dutch Residency. The AT&T Parties and the BT Parties shall cause Thistle BV, DirectorCo and Newco Services Company to take all actions as may be necessary or desirable to establish tax residency for Thistle BV solely in The Netherlands.

6.11 Hedging, Etc. The Newco Group will adopt policies on currency and interest rate hedging, risk management, and insurance with respect to the operations of the Newco Group that will be mutually satisfactory to the parents. The parents will adopt policies from time to time on the capital structure of the Newco Group.

ARTICLE 7

MNC UNIT: OUTSOURCING SERVICES

7.1 Sales to Qualifying MNC Customers.

(a) Subject to then existing legal and contractual obligations and the provisions of Section 7.3 with respect to Outsourcing Services and except as contemplated by Section 7.7 and Article 11, the MNC Newco Subsidiaries will, as among the parents and their Group Companies and the other members of the Newco Group, be the exclusive sales channel for the offer and sale of Communications Services to Qualifying MNC Customers. The MNC Newco Subsidiaries will contract for services from the Newco Subsidiaries that engage in the business and activities of the Product Unit and, in the case of Communications Services in a parent's Home Country, the applicable parent and its Subsidiaries for Qualifying MNC Customers on an integrated basis.

(b) In the supply of services to Qualifying MNC Customers, the MNC Newco Subsidiaries will generally operate as providers of the Newco Group's Global Communications Services and, in accordance with the applicable Transaction Agreements, as resellers of all the Communications Services of the parents and, in the case of Communications Services in a parent's Home Country, the Subsidiaries of

such parent, to Qualifying MNC Customers. The parties shall cause the MNC Newco Subsidiaries to adopt appropriate executive compensation arrangements to ensure that the MNC Newco Subsidiaries appropriately sell the services of the parents and such Subsidiaries. Schedule 7.1(b) sets forth principles with respect to sales of Communications Services of the parents to the MNC Newco Subsidiaries.

7.2 Transfer of Contracts.

(a) After the date of this Agreement, the parents will develop a transition plan the objective of which will be to transfer and assign those customer contracts entered into by the parents or their Subsidiaries with Qualifying MNC Customers to the applicable MNC Newco Subsidiary as of the Closing or as soon thereafter as feasible with customer consent, other than (i) any portion thereof relating to the provision of Outsourcing Professional Services or any other services not required to be supplied by the MNC Newco Subsidiaries, and (ii) those customer contracts held by AT&T or its Affiliates with the customers set forth on Schedule 7.2(a). To the extent that a customer contract cannot be so transferred or assigned to the applicable MNC Newco Subsidiary, the relevant parent or Subsidiary shall, except as set forth in Section 7.2(c), continue to hold such contract (other than any portion thereof relating to the provision of Outsourcing Professional Services or any other services not required to be supplied by the MNC Newco Subsidiaries) in accordance with Section 7.6 for the economic benefit or risk of the applicable MNC Newco Subsidiary.

(b) Notwithstanding the provisions of this Article 7, if the objective criteria for the MNC Newco Subsidiaries to commence servicing and marketing to

Qualifying MNC Customers in the petroleum sector as set forth in Schedule 1.1F are not satisfied, the parents will use their Reasonable Best Efforts to rectify or to cause the Newco Group to rectify any identified deficiency that may have caused such criteria not to be satisfied.

(c) Any customer listed in Schedule 7.2(c) will become a Qualifying MNC Customer after a reasonable transition period following the applicable date set forth in such Schedule. Following the Closing, commencing as of such date, to the extent that any such customer contract when renewed or extended cannot be so transferred or assigned to the applicable MNC Newco Subsidiary, the relevant parent or Subsidiary shall continue to hold such contract as renewed or extended (other than any portion thereof relating to the provision of Outsourcing Professional Services or any other services not required to be supplied by the MNC Newco Subsidiaries) in accordance with Section 7.6 for the economic benefit or risk of the applicable MNC Newco Subsidiary. Prior to such renewal or extension, any such customer contract will be held for the economic benefit or risk of the applicable parent or Subsidiary.

7.3 Outsourcing Services.

(a) Subject to the terms and conditions of this Section 7.3 and Section 11.12, (i) each parent and its Group Companies and, to the extent provided in Section 7.3(e), the applicable MNC Newco Subsidiary shall be entitled to market, offer, sell and provide Outsourcing Professional Services relating to Communications Services, and (ii) the applicable MNC Newco Subsidiary shall be entitled to market, offer, sell and provide the Outsourcing Professional Services offered by the parents and their Group Companies, third parties and, to the extent provided in

Section 7.3(e), its own Outsourcing Professional Services. The provisions of this Section 7.3 shall be subject to the existing contractual obligations of the parents and their Group Companies, including, in the case of AT&T, its contracts with the customers set forth on Schedule 7.2(c).

(b) Each parent and its Group Companies shall be entitled to market, offer, sell and provide Managed Network Services relating to Communications Services provided with respect to networks within any one country within its Home Territory. The applicable MNC Newco Subsidiary shall be entitled to market, offer, sell and provide Managed Network Services to customers who require such services in two or more countries and, in the case of Managed Network Services marketed, offered, sold and provided to Qualifying MNC Customers, Managed Network Services relating to Communications Services. All Managed Network Services provided by the parents and, subject to Section 7.7, their Group Companies to Qualifying MNC Customers will be contracted for through the applicable MNC Newco Subsidiary.

(c) Each parent and its Group Companies will be the Newco Group's preferred supplier (as described in Section 10.1(b)) with respect to Outsourcing Professional Services provided within its Home Territory subject to customer consent. Subject to the provisions hereof relating to the MNC Newco Subsidiaries in Section 7.3(d), when the parents or, subject to Section 7.7, their Subsidiaries provide Outsourcing Professional Services in connection with Global Communications Services, they shall use the Managed Network Services of the applicable MNC Newco Subsidiary and Thistle BV will cause such MNC Newco

Subsidiary to make Managed Network Services available to the parents and such Subsidiaries. Thistle BV shall consider from time to time reasonable requests for waivers for *de minimis* exceptions from the provisions of the preceding sentence. However, if the Newco Group does not have the capability of providing particular Managed Network Services to a parent or any of such Subsidiaries, such parent or Subsidiary may itself provide such Managed Network Services. If and to the extent such particular Managed Network Services cannot be provided by such parent or Subsidiary, such parent shall, and shall cause such Subsidiary to, use Reasonable Best Efforts to procure such Managed Network Services from third parties. Thistle BV shall cause the applicable Newco Subsidiaries and the CTO to use their Reasonable Best Efforts to work with the parents and their Group Companies to facilitate the provision of seamless Managed Network Services.

(d) Whenever a parent or, subject to Section 7.7, any of its Subsidiaries wishes to sell Outsourcing Professional Services to Qualifying MNC Customers, there shall be an integrated approach by the applicable MNC Newco Subsidiary and such parent or Subsidiary to the relevant Qualifying MNC Customer. Such parent shall or, subject to Section 7.7, shall cause such Subsidiary to, and Thistle BV shall cause the members of the Newco Group to, comply with the following procedures. During the proposal stage, each of the applicable parent or such Subsidiary and the applicable MNC Newco Subsidiary will develop the proposal related to its service and each shall prepare a separate agreement. They shall jointly deliver the proposals and jointly negotiate all agreements. If a Qualifying MNC Customer desires a master agreement (a “Master Outsourcing Agreement”), the

applicable MNC Newco Subsidiary shall hold such Master Outsourcing Agreement (subject to customer consent) but nothing herein shall authorize such MNC Newco Subsidiary or any other member of the Newco Group to apply any incremental charges or increase the bid amount to the customers for the Outsourcing Professional Services or otherwise obtain value beyond the value provided in the agreement or subcontract with the parent or applicable Subsidiary for the provision of such Outsourcing Professional Services. In any such case, the applicable MNC Newco Subsidiary shall, subject to Section 7.3(e), subcontract to the parent or such Subsidiary for such Outsourcing Professional Services. Each such subcontract shall provide that the Person providing Outsourcing Professional Services or Managed Network Services will be entitled to the revenue related thereto and that revenues related to the provision of Communications Services will be allocated to the Person providing the applicable Communications Service. Each such subcontract shall contain customary commercial indemnity provisions pursuant to which each relevant Person will indemnify the other with respect to the services provided by it.

(e) Thistle BV will cause the applicable MNC Newco Subsidiary to use Reasonable Best Efforts to procure Outsourcing Professional Services on commercially competitive terms from either parent or any of its Subsidiaries. However, if neither the parent nor any of its Subsidiaries has the capability to provide particular Outsourcing Professional Services on commercially competitive terms, Thistle BV will cause the applicable MNC Newco Subsidiary to provide such particular Outsourcing Professional Services. If and to the extent such particular Outsourcing Professional Services cannot be provided by any MNC Newco

Subsidiary, Thistle BV will cause the applicable MNC Newco Subsidiary to use Reasonable Best Efforts to procure such Outsourcing Professional Services from third parties.

7.4 Managed Network Services Facilities.

(a) Except as provided in Section 7.4(b) and Section 7.7, Managed Network Services Facilities predominantly associated with the provision in accordance with Section 7.3(b) of Managed Network Services for Global Communications Services by members of the Newco Group shall be owned and operated exclusively by members of the Newco Group. The Newco Group shall be entitled to place a Managed Network Services Facility in a parent's Home Country if such Managed Network Services Facility is predominantly associated with the provision of Managed Network Services for Global Communications Services.

(b) The parents and their Group Companies shall be entitled to own and operate, and shall not be required to contribute to the Newco Group, Managed Network Services Facilities predominantly associated with the provision of Managed Network Services within a single country within their Home Territories.

(c) Schedule 7.4(c), which will be agreed by the parents on or prior to April 30, 1999, will set forth a transition plan (i) specifying the objective criteria that must be met relating to continued servicing of AT&T's and BT's customers before AT&T or BT, as relevant, will be required to contribute Managed Network Services Facilities as described in Section 7.4(a) to the Newco Group and (ii) the principal terms and conditions on which such Managed Network Services Facilities will be leased or otherwise made available to the Newco Group until such

contribution. The parties anticipate that such contributions will be made to the Newco Group on or before the six month anniversary of the Closing.

7.5 Account Management for Level 1 and Level 2 Customers.

(a) With respect to Level 2 Customers the parties agree that:

(i) Either AT&T or BT will assume overall account planning leadership on a global basis as determined by Thistle BV based on (1) the relative strengths of AT&T and BT within the account, and (2) where, on a geographic basis, the weight of implementation lies, in each case unless determined otherwise by the customer.

(ii) Each parent shall and, subject to Section 7.7, shall cause its Subsidiaries that provide Global Business Communications Services in its Home Country to, and Thistle BV shall cause the applicable Newco Subsidiary to, enter into an applicable Transaction Agreement in order to support direct contractual relationships for Level 2 Customers.

(b) With respect to Level 1 Customers and other customers (excluding Qualifying MNC Customers and Level 2 Customers), each parent will separately conduct the Global Business Communication Services sales activities for such customers and Thistle BV will cause the Newco Group to provide sales and product support for such services.

7.6 Existing Contracts. To the extent any customer contract then in effect and referred to in Section 7.2(a), 7.2(c) or 11.11(i) is held by a parent or its Subsidiaries for the economic benefit or risk of the applicable MNC Newco Subsidiary, such parent shall, or shall cause its Subsidiary, to the extent permitted

under such contracts, to enter into a subcontract with the applicable MNC Newco Subsidiary for the provision of the Communications Services to be performed by such parent or its Subsidiary under the customer contract. Such subcontract shall reflect the pricing and risk principles to be agreed by the parents prior to the Closing as contemplated by Section 18.8(f).

7.7 Exceptions to Subsidiary Obligations; Term. The obligations set forth in the second sentence of Section 7.3(c) and in Sections 7.1, 7.3(b), 7.3(d), 7.4 and 7.5(a)(ii) shall not apply to any Subsidiaries of a parent (a) that are covered by an exception to such parent's obligations under the Non-Competition Undertakings, or (b) with respect to which such parent is subject to the Fiduciary Duty Standard as provided in Section 11.2. A parent's and its Group Companies' obligations under this Article 7 shall terminate when the parent is no longer subject to Section 11.1.

7.8 Qualifying MNC Customers.

(a) In principle, as soon as an MNC becomes a Qualifying MNC Customer, such MNC's Subsidiaries shall be deemed to also be Qualifying MNC Customers, unless:

(i) a Subsidiary of any such MNC requests that the relevant services be provided to it separately from such MNC; or

(ii) a parent demonstrates to the MNC Newco Subsidiaries that, prior to the date of this Agreement, separate account management teams of such parent serviced such MNC and its Subsidiary in question and, with respect to a Person that qualifies as a Qualifying MNC Customer after the

Closing, such parent notifies the MNC Newco Subsidiary that such Subsidiary of such MNC should not be treated as a Qualifying MNC Customer.

(b) The parties agree that if separate account management teams serviced an MNC and any of its Subsidiaries prior to the date of this Agreement, such Subsidiary may, subject to the terms and conditions hereof, become a Qualifying MNC Customer in its own right as soon as the industry sector to which it belongs becomes a Selected Industry Sector, notwithstanding that the Person that is such Subsidiary's parent belongs to a different industry sector that has not yet become a Selected Industry Sector and that such parent is not itself a Qualifying MNC Customer.

7.9 Customer Choice. AT&T, BT and the MNC Unit will always adhere to customer choice with respect to whether a Qualifying MNC Customer is served by the MNC Unit or as a Level 1 Customer or Level 2 Customer. Schedule 7.9 sets forth certain principles regarding customer choice.

7.10 MNC Unit. Schedule 7.10 sets forth certain principles relating to the MNC Unit.

ARTICLE 8

APPOINTMENT OF DISTRIBUTORS

8.1 AT&T's Home Territory. In AT&T's Home Territory, the appointment of a Distributor of the Global Business Communications Services of the Newco Group shall require the approval of the Management Board, with DirectorCo, as the sole director of the Management Board, acting pursuant to a majority vote of

the Class A Representatives only, with no other vote of any other Representative being required.

8.2 BT's Home Territory. In BT's Home Territory, the appointment of a Distributor of the Global Business Communications Services of the Newco Group shall require the approval of the Management Board, with DirectorCo, as the sole director of the Management Board, acting pursuant to a majority vote of the Class B Representatives only, with no other vote of any other Representative being required.

8.3 Schedule 8.3 Countries. In the case of the countries listed on Schedule 8.3 attached hereto, the CEO shall be entitled to appoint a Distributor on an exclusive or non-exclusive basis, unless, in the case of a proposed exclusive Distributor, the Management Board rejects such appointment pursuant to action taken by DirectorCo, as the sole director of the Management Board, acting pursuant to a majority vote of each of the Class A Representatives and the Class B Representatives.

8.4 Other RoW Countries. In the case of the countries in the RoW not listed on Schedule 8.3 attached hereto, the CEO shall be entitled to appoint a Distributor on an exclusive or non-exclusive basis, unless, in the case of a proposed exclusive Distributor, the Management Board rejects such appointment pursuant to action taken by DirectorCo, as the sole director of the Management Board, acting pursuant to a majority vote of the Class A Representatives or Class B Representatives only, with no other vote of any other Representative being required.

8.5 Certain Countries. In the case of the countries listed on Schedule 8.5 attached hereto, the CEO, upon the approval of the Management Board, with DirectorCo, as the sole director of the Management Board, acting pursuant to a vote

of a majority of each of the Class A Representatives and the Class B Representatives, shall establish a plan for the expansion of distributorships in each such country, which plan shall specify whether any proposed Distributor is to be exclusive or non-exclusive.

ARTICLE 9

SUPPLY OF NEWCO SERVICES TO PARENTS AND DISTRIBUTION OF NEWCO PRODUCTS

9.1 Basic Principles.

(a) A parent or the applicable Business Unit will be deemed to have consistently and significantly underperformed if the criteria to be set forth in Schedule 9.1(a), to be agreed by the parents on or prior to the Closing Date, are not met.

(b) The criteria referred to in Schedule 9.1(a) shall be designed to assure the market competitiveness of the Newco Group and the parents, based on market tests, including benchmarking of pricing, quality standards and features against competitive offerings.

(c) If either a Business Unit or a parent fails to meet the criteria set forth in Schedule 9.1(a):

(i) in the first four Fiscal Years, (1) either parent, through VLT or BT Holdings, as the case may be, may cause Thistle BV to require the CEO to propose to the Management Board that the applicable Newco Subsidiary or other Business Unit outsource the applicable components of Global Business Communications Services, and (2) the CEO may propose to

the Management Board that the underperforming parent outsource the applicable components of its Home Country Communications Services for sale to Qualifying MNC Customers to ensure a competitive offering. Such decisions shall require the approval of the Management Board, with DirectorCo, as the sole director of the Management Board, acting pursuant to a majority vote of each of the Class A Representatives and the Class B Representatives; and

(ii) after the end of the fourth Fiscal Year, for as long as such Business Unit consistently and significantly fails to meet the criteria specified in Schedule 9.1(b), either parent, through VLT or BT Holdings, as the case may be, may cause Thistle BV to require the applicable Newco Subsidiary to outsource the applicable components of Global Business Communications Services, and for as long as such parent consistently and significantly fails to meet the criteria specified in Schedule 9.1(b), the applicable Newco Subsidiary shall have the contractual right to require such parent to outsource the applicable components of its Home Country Communications Services for sale to Qualifying MNC Customers.

9.2 Exclusive Purchasing Commitment.

(a) Each parent will, and will cause its wholly-owned Subsidiaries and, subject to the Fiduciary Duty Standard, its other Subsidiaries to, purchase all their requirements for Global Communications Services from the Newco Group pursuant to the terms and conditions of the applicable Transaction Agreements to be entered into by each of the parents as of the Closing with the applicable Newco

Subsidiary; provided, however, that in the case of any customers that are not Qualifying MNC Customers, each parent and its Subsidiaries may provide directly the domestic portion of Communications Services relating to its Home Country provided to such customers; and, provided, further, however, that a parent's obligations under this Section 9.2(a) shall not apply to any of its Subsidiaries that is covered by an exception to such parent's obligations under the Non-Competition Undertakings and, in the case of AT&T, shall not apply to the activities contemplated in Schedule 18.9. Each parent's obligations under this Section 9.2(a) shall terminate when such parent is no longer subject to Section 11.1.

(b) The applicable Newco Subsidiary will, at the Closing, subject to all legal and contractual obligations existing at the Closing, enter into separate applicable Transaction Agreements with each parent, pursuant to which it will appoint the parents as its exclusive Distributors, on a requirements basis, for the sale of the Global Business Communications Services of the Newco Group in their Home Countries, subject, in AT&T's Home Country, to (i) the distribution rights of MCI-WorldCom for the two year period set forth in the 1994 distribution agreement, between Concert and MCI-WorldCom, as amended by the Unwind Agreement dated August 7, 1998 (the "MCI-WorldCom Distribution Agreement"), plus the additional three-year period stated therein for the run off of customer contracts that exist as of the end of such two-year period or earlier termination of the MCI-WorldCom Distribution Agreement, and (ii) the transition arrangements for BT North America Inc. to be set forth in Schedule 9.2(b), which Schedule will be agreed upon by the parents on or before April 30, 1999.

9.3 International Carrier Services.

(a) The Newco Group will provide (i) International Traffic Termination Services to the parents and their wholly owned Subsidiaries pursuant to the terms and conditions of the applicable International Traffic Service Agreements to be entered into by each of them at the Closing with the applicable Newco Subsidiary, and (ii) Carrier Services to third parties. Each parent will, and will cause its wholly-owned Subsidiaries and, subject to the Fiduciary Duty Standard, other Subsidiaries to, purchase all their requirements for International Traffic Termination Services from the Newco Group. Each parent's obligations under this Section 9.3(a) shall terminate when such parent is no longer subject to Section 11.1.

(b) If a Performance Test Shortfall for the ICS Unit shall occur, notwithstanding the provisions of Section 9.3(a) or 11.1(c), at the end of the sixth full Fiscal Year, the parent in respect of whose routes the applicable Newco Subsidiary shall have failed to achieve the required level of aggregate annual Accounting Rate reductions shall have the right, following delivery of notice in writing to Thistle BV, the applicable Newco Subsidiary, and the other parent, to undertake directly the negotiation of Accounting Rates as follows. Such parent may undertake directly the negotiation of Accounting Rates for all or any of its routes in respect of which the applicable Newco Subsidiary failed by more than 5% to achieve the budgeted net Accounting Rate for such route as set forth in the relevant AOPB or Provisional AOPB for any year in the four full Fiscal Year period in which the Performance Test Shortfall for the ICS Unit occurred. In addition, if the applicable Newco Subsidiary shall have failed the Performance Test Shortfall for the ICS Unit (determined on a per

year basis) for any two full Fiscal Years, whether or not consecutive, following the first two full Fiscal Years, the parent in respect of whose routes the applicable Newco Subsidiary shall have failed to achieve the required level of aggregate annual Accounting Rate reductions shall have the right, following delivery of notice in writing to Thistle BV, the applicable Newco Subsidiary and the other parent, to undertake directly the negotiation of Accounting Rates for all or any of its routes in respect of which the applicable Newco Subsidiary failed by more than 5% to achieve the budgeted net Accounting Rate for such route as set forth in the relevant AOPB or Provisional AOPB for any such Fiscal Year. For the avoidance of doubt, it is understood that, notwithstanding the foregoing, the Newco Group shall retain the ownership, operation and management of Global Network Facilities for the provision of all such International Traffic Termination Services; provided, however, that the parent in respect of whose routes the applicable Newco Subsidiary shall have failed to achieve the required level of aggregate annual Accounting Rate reductions shall have the right to solicit and hire employees of the applicable Newco Subsidiary who are necessary for the negotiation of Accounting Rates for the routes in respect of which it elects to undertake directly the negotiation of Accounting Rates; provided, further, however, that the solicitation and hiring of such employees shall not unreasonably disrupt the operations of the International Carrier Services Unit.

ARTICLE 10

**SUPPLY OF SERVICES BY PARENTS
TO THE NEWCO GROUP**

10.1 Basic Principles.

(a) The procurement of products, services and facilities by the Newco Group from the parents and their wholly owned Subsidiaries and, if applicable, other Subsidiaries will be on arm's-length commercial terms at market rates. There will be no exclusive purchasing obligation on the Newco Group with respect to products, services and facilities; provided, however, that each parent and its wholly-owned Subsidiaries and, if applicable, its other Subsidiaries will be the preferred supplier of the Newco Group; provided, further, however, subject to Section 9.1, if any MNC Newco Subsidiary purchases Communications Services in a parent's Home Country, such MNC Newco Subsidiary shall exclusively purchase such Communications Services from such parent or its wholly owned Subsidiaries or, if applicable, its other Subsidiaries.

(b) For the purposes of this Agreement, the term "preferred supplier" shall mean, with respect to a Person (the "Preferred Supplier") that, subject to Applicable Law, is able to provide the products, services and facilities, as the case may be, on terms, conditions and standards at least as favorable regarding price, quality and service as the Person that wishes to obtain the same (the "Purchaser") would be able to obtain in an arm's length transaction with any third Person that is not an Affiliate of the Purchaser (a "Third Party Supplier"). If a Preferred Supplier offers or is able to offer to provide products, services or facilities

that are competitive and comparable as described in the foregoing sentence, the Purchaser shall purchase such products, services or facilities, as the case may be, from such Preferred Supplier and not from a Third Party Supplier. No Purchaser shall provide to any Third Party Supplier for the purpose of facilitating or promoting any alternative bid or proposal (i) any confidential information concerning the terms, conditions and standards of products, services or facilities, as the case may be, offered by the Preferred Supplier, or (ii) any preferential commitments, support, incentives or other preferential treatment or inducements with respect to the supply or purchase of products, services or facilities, as the case may be, in the applicable parent's Home Country.

10.2 Support Services; Secondment. The parties intend that the Newco Group will have its own employees and will not rely unduly on secondees from the parents. None of the members of the Newco Group shall be obligated to accept or use any resources such as systems, personnel or facilities of the parents to be used directly in connection with the Initial Contributed Assets. Prior to the Closing, the parents shall agree upon the services and facilities of the parents to be used by the Newco Group, if any, which services and facilities shall be provided by the parents pursuant to mutually acceptable support services agreements negotiated on an arm's-length basis.

ARTICLE 11

NON-COMPETITION

11.1 Restricted Businesses. Subject to the other provisions of this Article 11 and except as specifically provided herein, including pursuant to the agreements contemplated by Section 18.8(h), each parent hereby agrees that from and after the Closing for as long as this Agreement and the other Transaction Agreements remain in effect, it shall not, and it shall undertake to ensure that none of its Subsidiaries, Affiliates or Covered Investors or their respective Subsidiaries or Affiliates (all of the foregoing, collectively, its "Group Companies") shall, directly or indirectly, acting alone or in association with, or through, one or more Persons, other than through the Newco Group:

(a) offer, sell or distribute any Global Business Communications Services or any services competitive with the Global Business Communications Services provided by the Newco Group other than as provided in this Agreement or the other Transaction Agreements;

(b) offer, sell or distribute to any Qualifying MNC Customers any Communications Services other than through the Newco Group;

(c) provide any International Carrier Services other than as provided in any Transaction Agreements; or

(d) own, operate, lease or manage any Global Network Facilities.

11.2 Home Country Communications Services Business.

(a) Notwithstanding the provisions of Section 11.1 and the second sentence of Section 11.6 (collectively, the "Non-Competition Undertakings") or of

Sections 11.12 and 11.13, but subject to Section 11.7(b), either parent or any of its Group Companies may engage in any Acquisition Transaction or Business Combination predominantly in its Home Country involving any Person (the "Specified Person"), that would otherwise, upon its consummation, result in a breach of the Non-Competition Undertakings or Section 11.12 or 11.13 by such parent or any of its Group Companies, including as a result of the direct or indirect activities or investments of such Specified Person or its Group Companies, if: (i) such parent's primary purpose in engaging in the Acquisition Transaction or Business Combination is to extend its Home Country Communications Services business, (ii) the business of the Specified Person and its Group Companies, taken as a whole, is not predominantly international, and (iii) to the extent the Specified Person and any Person in which the Specified Person has a direct or indirect equity interest (each such Person, a "Specified Entity" of such Specified Person) uses Global Business Communications Services and International Carrier Services or provides Communications Services to Qualifying MNC Customers, such parent, subject to Section 11.2(b), uses its Special Efforts to cause the Specified Person and such Specified Entity to use the Global Business Communications Services and International Carrier Services of the Newco Group and to appoint the applicable MNC Newco Subsidiary as a distributor or agent in the provision of Communications Services to Qualifying MNC Customers to the extent such activities or investments of such Specified Person or Specified Entity would otherwise violate Article 11.

"Special Efforts" shall mean all efforts consistent with a Person's fiduciary obligations. The parties agree that, without limiting the scope of the foregoing

restriction, and notwithstanding Applicable Law or the definition of “Best Efforts” or “Reasonable Best Efforts,” under no circumstances shall Special Efforts require the obligated Person to make any payment or assume special obligations in order to achieve the stated objective. For the avoidance of doubt, any references in this Section 11.2 to a parent or any of its Group Companies engaging in a Business Combination not involving an Acquisition Transaction shall not affect or limit in any way the rights of the other parent, if any, under Section 23.3, 23.4, 23.5 or 23.6 with respect to a Put, Call or right to cause a dissolution of the Newco Group and, in the case of a Business Combination not involving an Acquisition Transaction, this Section 11.2 shall not be given effect to determine whether such rights are available.

(b) To the extent such parent acquires, directly or indirectly, more than 50% of the equity interests in and Controls the operations of the Specified Person or acquires, directly or indirectly, more than 50% of the equity interests in and Controls the operations of any Specified Entity of such Specified Person, it will direct the Specified Person’s or such Specified Entity’s, as the case may be, Global Business Communications Services and International Carrier Services businesses and the business of providing Communications Services to Qualifying MNC Customers, in each case, if any, to the Newco Group to the extent that the failure to do so would violate Article 11 (without giving effect to this Section 11.2); provided, that such parent shall not be required to so direct any such businesses unless it can do so consistent with its fiduciary duties, which duties shall be determined within the context of the Specified Person’s and such Subsidiary’s operations. Without limiting the foregoing proviso, the standard of obligation set forth therein shall not require

such parent to take commercially unreasonable actions or to make any Person whole for what would otherwise be a breach of its fiduciary duties to the Specified Person or Subsidiary, including payment to compensate for the premature termination of any contracts. The standard of obligation set forth in this Section 11.2(b) shall be referred to herein as the **"Fiduciary Duty Standard."**

(c) Subject to the Fiduciary Duty Standard, such parent will refrain from (i) taking actions that would significantly increase what, without giving effect to this Section 11.2, would be a breach of Section 11.1 by the Specified Person and its Subsidiaries, and (ii) transferring to the Specified Person or any of its Subsidiaries from itself or any of its Affiliates any business or assets, unless in the case of clause (i) or (ii), the primary purpose of the action or transfer is a purpose other than to circumvent Section 11.1 or to grow the portions of such businesses that breach Section 11.1. Notwithstanding the preceding sentence, such parent may take any action with respect to the Specified Person and its Subsidiaries that has an independent business purpose, including property swaps, geographical consolidations and transfers for the purpose of achieving operating efficiencies or satisfying Tax objectives.

(d) If the aggregate annual competing revenues referred to below of all Specified Persons and their Subsidiaries exceed \$4 billion plus 12.5% of the excess, if any, of the Newco Group's aggregate annual revenues in the applicable Fiscal Year over \$20 billion, then the other parent shall have the right, by notice to the acquiring parent within 30 days of its becoming aware thereof, to elect to cause a dissolution of the Newco Group. The aggregate annual competing revenues referred to in the preceding sentence shall be and refer to revenues calculated on a Pro Rata

Basis derived from activities which, without duplication, would violate either or both of (i) Section 11.1 or (ii) in the case of the other party's Home Territory other than its Home Country, clause (b) of the second sentence of Section 11.6, in each case if this Section 11.2 were not applicable. Any such dissolution shall be completed as soon as practicable but in any event, subject to compliance with mandatory requirements of Applicable Law, within two years following the date of such notice. The provisions of Section 23.9 shall apply to a dissolution of the Newco Group initiated under this Section 11.2(d).

11.3 BT in European Region and AT&T in NAFTA Region.

Notwithstanding the provisions of Section 11.1, neither parent nor any of its Group Companies shall be in breach of Section 11.1 to the extent such breach results from the direct or indirect acquisition or ownership by it or any of its Group Companies, whether acting alone or in association with, or through, one or more Persons, of the following interests in any Person which undertakes, engages in, owns or operates a business deriving revenues from activities that would violate Section 11.1 in the European Region in the case of BT and its Group Companies or in the NAFTA Region in the case of AT&T and its Group Companies:

(a) Any non-Controlling interest representing less than 20% of the equity interests of such a Person, subject to the Revenue Limitation with respect to any breach of Section 11.1(a).

(b) Any non-Controlling interest representing 20% or more and less than 50% of the equity interests of such a Person, as long as BT or AT&T, as the case may be, has made Reasonable Best Efforts to cause such Person to comply with

Section 11.1, but subject to the Revenue Limitation with respect to any breach of Section 11.1(a).

(c) Any Controlling interest in the equity of such a Person so long as such Person does not violate Section 11.1(a).

11.4 Other Parent's Home Territory.

(a) Notwithstanding the provisions of Section 11.1 and clause (a) of the second sentence of Section 11.6, neither parent nor any of its Group Companies shall be in breach thereof to the extent that such breach results from the direct or indirect acquisition or ownership by it or any of its Group Companies, whether acting alone or in association with, or through, one or more Persons, of any non-Controlling interest representing less than 20% of the equity interests of a Person which undertakes, engages in, owns or operates a business deriving revenues from activities in the other party's Home Territory which would violate Section 11.1 or clause (a) of the second sentence of Section 11.6, but subject to the Revenue Limitation with respect to any breach of Section 11.1(a).

(b) For the purposes of Section 11.3(a) or (b) and this 11.4, in no event shall the aggregate total annual revenues derived in the two Home Territories from Global Business Communications Services by a parent and, without duplication, its Group Companies from all activities specified as subject to restriction pursuant to the terms thereof exceed \$200 million (the "Revenue Limitation"); provided, that, no revenues attributed to a parent or any of its Group Companies as a result of a transaction meeting the requirements of Section 11.2 shall be included in this calculation. For purposes of calculating such aggregate total annual revenues, only

the actual pro rata share of revenues of a parent and, without duplication, its Group Companies will be included with respect to any investments in a Person that is not wholly-owned. Such method of calculation shall be referred to herein as being made on a **“Pro Rata Basis.”**

11.5 **RoW.**

(a) Notwithstanding the provisions of Section 11.1 or clause (a) of the second sentence of Section 11.6, but subject to Section 11.5(c), neither parent nor any of its Group Companies shall be in breach of Section 11.1 or clause (a) of the second sentence of Section 11.6 to the extent that such breach results from the direct or indirect acquisition or ownership by it or any of its Group Companies of any equity interest of a Person which undertakes, engages in, owns or operates a business deriving revenues from activities in the RoW that would violate Section 11.1 or clause (a) of the second sentence of Section 11.6; **provided**, that, (i) with respect to any acquisition of a Controlling interest in the equity of any such Person that derives revenues from Global Business Communications Services in the RoW, the acquiring parent shall request the grant of distribution rights for Global Business Communications Services from the applicable Newco Subsidiary on commercially reasonable terms for such Person with respect to the territories in the RoW from which such Person derives such revenues and prior to the consummation of the acquisition of such interest such Person shall be prepared to enter into a distribution agreement or similar commercial arrangement, including agency agreements, with the applicable Newco Subsidiary on commercially reasonable terms; (ii) in no event shall the aggregate total annual revenues derived in the RoW by a parent and any of its

Group Companies, directly or indirectly, whether acting alone or in association with, or through one or more Persons, from a cross border network, alliance or consortium in the RoW providing Global Business Communications Services (a “GBCS Alliance”) in which such parent or any of its Group Companies has any direct or indirect equity interest exceed \$400 million determined on a Pro Rata Basis; and (iii) with respect to any acquisitions or ownership of a non-Controlling interest in the equity of any Person, the acquiring parent shall use its Reasonable Best Efforts to prevent such Person from, directly or indirectly, creating, participating in the creation of or owning, operating or having an interest in any GBCS Alliance.

(b) If a parent requests on behalf of any Person which undertakes, owns or operates a business deriving revenues from activities in the RoW in which it or any of its Group Companies acquires an equity interest of 20% or more, or if any such Person requests directly from the Newco Group, the right to distribute Global Business Communications Services on a non-exclusive basis in a particular territory within the RoW from which it derives such revenues, the Newco Group will be required to use its Reasonable Best Efforts to grant such non-exclusive distribution rights to such Person on commercially reasonable terms, taking into account the disruption, if any, which may be caused to any existing operations of the Newco Group in the territory in question.

(c) (i) Notwithstanding anything to the contrary in Section 11.5(a), neither parent nor any of its Group Companies may directly or indirectly acquire or own any interest in any Person which undertakes, engages in, owns or operates a business deriving revenues from International

Carrier Services activities in RoW, unless such parent shall use its Special Efforts to cause such Person, to the extent such Person provides International Carrier Services, to use the Newco Group to provide such International Carrier Services; provided, that, to the extent that a parent acquires more than 50% of the equity interests and Controls such Person, such parent shall direct such Person's International Carrier Services business to the Newco Group, as long as it can do so consistent with the Fiduciary Duty Standard.

(ii) Subject to the Fiduciary Duty Standard, such parent will refrain from (x) taking actions that would significantly increase the competition of any such Person with the Newco Group with respect to the provision of International Carrier Services and (y) transferring to any such Person from itself or any of its Affiliates any business or assets, unless in the case of clause (x) or (y), the primary purpose of the action or transfer is a purpose other than to circumvent Section 11.1(c) or this Section 11.5(c) or to grow the International Carrier Services businesses of any such Person. Notwithstanding the preceding sentence, such parent may take any action with respect to such Person that has an independent business purpose, including property swaps, geographical consolidations and transfers for the purpose of achieving operating efficiencies or satisfying Tax objectives.

(iii) If the aggregate annual revenues of all of such Persons, calculated on a Pro Rata Basis, derived in the RoW from the provision of International Carrier Services not provided by the Newco Group exceed \$4 billion plus 12.5% of the excess, if any, of the Newco Group's aggregate